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## BEFORE THE ARIZONA CORPORATION CO.

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AZ CORP COMMISSION  
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IN THE MATTER OF THE  
COMMISSION'S EIGHTH BIENNIAL  
TRANSMISSION ASSESSMENT (BTA),  
PURSUANT A.R.S. § 40-360.02(G) OF THE  
ADEQUACY OF EXISTING AND  
PLANNED TRANSMISSION FACILITIES  
TO MEET ARIZONA'S ENERGY NEEDS  
INA RELIABLE MANNER.

Docket No. E-00000D-13-0002

Arizona Corporation Commission

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JUL 31 2014

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**COMMENTS OF THE INTERSTATE RENEWABLE ENERGY COUNCIL (IREC) TO  
THE DRAFT 8<sup>TH</sup> BIENNIAL TRANSMISSION ASSESSMENT**

The Interstate Renewable Energy Council ("IREC") appreciates the opportunity to comment on Staff's Draft 8<sup>th</sup> Biannual Transmission Assessment. IREC is a national 501c(3) organization dedicated to the promotion of policies that foster the expansion of renewable energy in the U.S. IREC has been active in various transmission forums, including the BTA dockets at the ACC in recent years, in order to encourage policymakers to adopt transmission policies, rules and decision that would enhance the ability of the Western grid to more efficiently move renewable energy to load centers. IREC very much appreciates the Commission for its ongoing support of the BTA, which affords Arizona and the Southwest a unique opportunity to collaborate on transmission planning while also ensuring a reliable transmission system over the course of each successive ten-year period.

**I. System Load Level Requirement**

Staff calls for system load levels to be included by load serving entities along with transmission project in-service years in the 9<sup>th</sup> BTA. IREC agrees with this proposed requirement but would request that the Commission also include as a requirement of the next BTA that utilities submit an assessment of load levels on a wider, more regional basis, which would better comport with policy trends in transmission planning, like FERC Order 1000, and would better respond to the deficiencies highlighted by the September 8, 2011 outage. This reporting should also include information "net load" – that is, any load requirements that remain after accounting for wind, solar, or demand side resources. This kind of wider analysis of system load requirements could be achieved through WestConnect, a forum in which utilities and other stakeholders share data and information regularly.

## **II. Coal Retirements and the Coal Retirement Assessment Task Force**

The Draft 8<sup>th</sup> BTA references the work of the CRATF in analyzing the impact of potential coal retirements in anticipation of the recent EPA Carbon Pollution Standard and Rule 111d, and concludes that the utilities should report their findings from CRATF in the next BTA.<sup>1</sup> IREC believes that, additionally, as part of the 9<sup>th</sup> BTA, utilities should be asked to report on how interstate transmission could help provide frequency response, voltage support or otherwise alleviate reliability issues related to coal plant retirements that are planned by load serving entities as a result of the Carbon Pollution Standard requirements. The 9<sup>th</sup> BTA should examine how any of the transmission projects reported in the 8<sup>th</sup> BTA – some of which are interstate and regional in nature – could assist in addressing the coal plant retirements, by facilitating the transport of both new renewable energy, as well as natural gas replacement energy. IREC notes that CRATF initially had some difficulty obtaining input from transmission owners regarding which specific plant retirements and replacement resources should be included in their analysis. We suggest that future BTA processes could facilitate this step by requiring transmission owners to provide input on potential plant retirements under consideration.

## **III. Renewable Energy Transmission Assessment**

IREC strongly encourages the Commission to require, as part of the 9<sup>th</sup> BTA, an update of the Renewable Energy Transmission Project (RTP) assessment, which was launched as part of the 5<sup>th</sup> BTA. The RTP receives relatively little discussion in the Draft 8<sup>th</sup> BTA, and would benefit from additional information, in particular, an assessment of how interstate renewable energy projects would assist the utilities in accessing lower-cost renewable energy, as well as in meeting the requirements of the EPA's Carbon Pollution Standard. In particular, the RTP update should seek to answer the question: Which transmission projects can deliver renewable resources that best match Arizona's load profile (particularly as solar penetration increases)? This assessment could take in information derived from WestConnect's efforts over the next several years to implement FERC Order 1000, which will likely result in new "policy-driven" transmission projects designed to carry renewable energy across the Southwestern region to meet public policy requirements (e.g. AZ's REST, EPA's Carbon Pollution Standards).

Moving forward, we also recommend that the BTA process should seek to categorize the sources of operational flexibility on the transmission system that can aid renewable energy integration. The Commission should recognize that the transmission system enables a wide variety of ways to respond to the variability and uncertainty of renewable resource output.

## **IV. Energy Imbalance Market Assessment Needed**

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<sup>1</sup> See Draft 8<sup>th</sup> BTA, page 59.

IREC recommends that the Draft 8<sup>th</sup> BTA, and future BTAs include more information on overarching developments across the WECC. One of the most significant recent events in this regard is the development CAISO/PacifiCorp Energy Imbalance Market, which is scheduled to go live in October 2014. Additionally, according to a presentation made to the Commission in August by Arizona Public Service Company's Brad Albert, APS is conducting an active examination of the potential benefits of the EIM, and is weighing possible entry into the EIM. In addition to developing information as part of this BTA, the Commission should require all Class A utilities to present to the Commission as part of the 9<sup>th</sup> BTA a cost-benefit analysis of entry into the CAISO/PacifiCorp EIM. If the utility has chosen not to enter the EIM, the Commission should request the utility to explain which factors led the utility to make that choice. The BTA process could also serve as a forum to explore tariffs that might allow retail customers to participate in the EIM through their host Balancing Area Authority. IREC strongly believes that an Energy Imbalance Market poses significant potential benefits to ratepayers across numerous utilities in the West. More specifically, it would: lead to more efficient utilization of existing transmission and generation assets, enhance reliability through better system visibility and regional coordination, and it could lower the cost of integrating renewable energy into the bulk electric system.

## **V. Generation Exceeding Transmission**

The Draft 8<sup>th</sup> BTA identifies that more generation currently exists in the transmission queue than there is transmission to support it.<sup>2</sup> IREC recommends that given this backlog, the Commission should request that utilities, as part of the next BTA, determine reasons for the backlog and identify steps that would be necessary to reduce it – including the construction of transmission that would be adequate to fully deliver resources in the queue.

## **VI. Adequacy assessment should include a focus on the impacts and potential benefits of increased interstate transmission**

The Draft 8<sup>th</sup> BTA addresses the requirement of all BTA's to assess the adequacy of the transmission system in Arizona "to meet the present and future energy needs of Arizona in a reliable manner".<sup>3</sup> Past BTA's have generally hewed to a definition of reliability that centers around in-state energy needs; however, increasingly, as evidenced by the September 8, 2011 outage that impacted multiple utilities across two states and left millions without power, reliability does not stop at the state's edge. Additionally, with increasing focus by FERC on regional and inter-regional planning through Order 1000, and the EPA on carbon emissions reduction through the Carbon Pollution Standard and Rule 111(d), it is clear that adequacy can no longer be addressed simply by examining intra-state transmission and intra-state load requirements. The Commission should require that as part of the 9<sup>th</sup> BTA, utilities analyze adequacy by including an assessment of seams

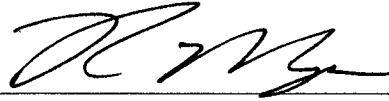
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<sup>2</sup> See Draft BTA, page 14.

<sup>3</sup> See Draft 8<sup>th</sup> BTA, page 15, citing ARS ¶ 40-360.02(G).

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Respectfully submitted this 31st day of July, 2014,

A handwritten signature in black ink, appearing to read 'K Mayes', is positioned above a horizontal line.

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186 *I hereby certify that I have this day served the foregoing documents on all parties of record in*  
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